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# ELLIS:LAWHORNE

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September 21, 2005

**VIA ELECTRONIC MAIL SERVICE AND HAND-DELIVERY**

The Honorable Charles L.A. Terreni  
Chief Clerk  
**South Carolina Public Service Commission**  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

RECEIVED  
2005 SEP 21 PM 4:34  
SC PUBLIC SERVICE  
COMMISSION

RE: Paetec Communications, Inc. and American Long Lines, Inc.  
For Approval of Merger, Discontinuance of Service and  
Cancellation of Authority  
**Docket No. 2005-290 -C, Our File No. 1080-10327**

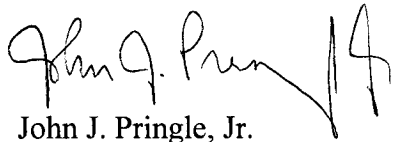
Dear Mr. Terreni:

Enclosed is the original and ten (10) copies of the **Application** filed on behalf of Paetec Communications, Inc. and American Long Lines, Inc. in the above-referenced matter.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

  
John J. Pringle, Jr.

JJP/cr

cc: Office of Regulatory Staff Legal Department  
Mary K. O'Connell, Esquire  
Enclosures

**BEFORE THE PUBLIC SERVICE COMMISSION  
FOR THE STATE OF SOUTH CAROLINA**

SC PUBLIC SERVICE  
COMMISSION

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Joint Application of )  
 )  
PAETEC COMMUNICATIONS, INC. )  
and AMERICAN LONG LINES, INC. )  
 )  
For Approval of Merger, )  
Discontinuance of Service, and )  
Cancellation of Authority. )  
\_\_\_\_\_ )

Docket No. 2005-290 C

**JOINT APPLICATION**

PAETEC Communications, Inc. ("PAETEC"), and American Long Lines, Inc. ("AMLL"), collectively, "Applicants", pursuant to S.C. Code Ann. §§ 58-9-300 and 58-9-310, hereby request that the Commission approve a transaction whereby telecommunications companies affiliated by common ownership propose to merge and discontinue certain operations. Specifically, PAETEC and AMLL, which are both wholly-owned subsidiaries of PAETEC Corp., propose to undergo a transaction whereby AMLL will be merged into PAETEC, PAETEC will provide service to the AMLL customers, and AMLL will discontinue providing service to its customers. As described more fully below, the proposed merger and discontinuance will result in a change in the service provider for AMLL's current customers, and those customers will become the customers of PAETEC.

Following the transaction, PAETEC will provide telecommunications services to AMLL's current customers pursuant the authority granted to PAETEC by the Commission. The rates, terms, and conditions of service will be provided pursuant to existing contracts assumed by PAETEC, or pursuant to PAETEC's tariffs. There will be no immediate changes to the rates and services provided to AMLL's existing customers, and upon expiration of any service contracts with those customers, they will have the option to continue service with PAETEC pursuant to its

then-current rates, terms, and conditions or other negotiated agreements, or to select service from another telecommunications service provider. Applicants respectfully request that this Application be considered and approved as soon as possible, so that the parties may consummate the proposed transaction to merge AMLL into PAETEC, and streamline the companies' operations by the end of 2005.

In support hereof, Applicants state as follows:

**I. THE PARTIES**

**A. PAETEC Communications, Inc.**

PAETEC is a privately held Delaware corporation with principal offices located at One PAETEC Plaza, 600 Willowbrook Office Park, Fairport, New York 14450. PAETEC is a wholly owned subsidiary of PAETEC Corp., a privately held Delaware holding company. PAETEC Corp. is the holding company of several subsidiaries, including the parties to this proceeding. In South Carolina, PAETEC is authorized to provide Interexchange Services pursuant to certification granted by the Commission in Docket No. 98-404-C on January 26, 1999 by Order No. 1999-60. PAETEC is also authorized to provide interexchange and/or competitive local exchange service in numerous other states pursuant to certification, registration, or tariff requirements, or on a deregulated basis. In addition, PAETEC is authorized by the Federal Communications Commission to provide international services as a non-dominant carrier.

Further information regarding PAETEC's technical, managerial, and financial qualifications to provide service was submitted with its application for authority to provide service in the state, and therefore, that information is a matter of public record. PAETEC respectfully requests that the Commission take official notice of that information pursuant to Commission Rule 103-870, and incorporate it by reference herein.

**B. American Long Lines, Inc.**

AMLL is a Pennsylvania corporation with headquarters also located at One PAETEC Plaza, 600 Willowbrook Office Park, Fairport, New York 14450. AMLL is also a wholly owned subsidiary of PAETEC Corp. AMLL offers resold local and long distance telecommunications services in markets throughout the United States, primarily in the Northeast United States. AMLL is authorized to provide Intrastate Interexchange Resale Services in South Carolina pursuant to certification granted by the Commission in Docket No. 96-397-C on May 20, 1997 by Order No. 1997-429.

**II. DESIGNATED CONTACTS**

All matters related to this Application, including all inquiries, correspondence, communications, pleadings, notices, orders, and decisions, should be addressed to the following:

John J. Pringle, Jr., Esquire  
Ellis, Lawhorne & Sims, P.A.  
P.O. Box 2285  
Columbia, SC 29202  
Telephone: (803) 779-0066  
Fax: (803) 799-8479  
E-Mail: [jpringle@ellislawhorne.com](mailto:jpringle@ellislawhorne.com)

**III. DESCRIPTION OF THE TRANSACTION**

Both PAETEC and AMLL are wholly owned subsidiaries of PAETEC Corp. However, the companies continue to maintain separate billing systems, customer service operations, and other internal processes that are largely duplicative. In order to eliminate redundancies and inefficiencies, and to further streamline company operations, the parties have determined that they should consolidate their administrative and business operations into a unified system. To that end, Applicants propose to merge AMLL into PAETEC, transfer all of AMLL's customers

to PAETEC, and discontinue AMLL's operations in South Carolina. A diagram depicting the proposed transaction is attached hereto as Exhibit B.

AMLL will send a notice to its customers that it intends to discontinue service at least thirty (30) days prior to the transition of service to PAETEC. A proposed discontinuance notice is attached hereto as Exhibit A. AMLL's customers will not experience any disruptions in service, and there will be no immediate changes to the rates and services provided to AMLL's existing customers. Upon expiration of any service contracts with AMLL's customers, those customers will have the option to continue service with PAETEC pursuant to its then-current rates, terms, and conditions or other negotiated agreements, or to select service from another telecommunications service provider.

Because the parties are managed by the same team of well-qualified officers and directors, key personnel in charge of the companies' operations will not change as a result of the proposed merger and discontinuance. PAETEC's management, which oversees AMLL's current operations, will ensure that AMLL's customers continue to receive high quality and innovative services before and after the transition. Affected customers will receive the same services from PAETEC that they currently receive from AMLL, and PAETEC will continue to provide services pursuant to its own certificate of public convenience and necessity, as referenced above.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

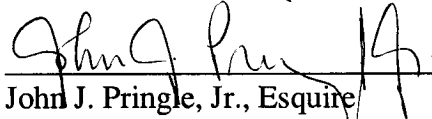
The primary objective of the transaction is to achieve greater corporate efficiencies by eliminating duplicative billing systems, customer service operations, and other internal processes currently maintained separately by the parties. The proposed transaction will serve the public interest by combining the financial resources and complementary operating, technical, and managerial strengths of PAETEC and AMLL to better serve the companies' constituent subscribers. Applicants anticipate that the proposed transaction will result in a more efficient

company better equipped to accelerate its growth as a competitive telecommunications provider. The transaction will enable PAETEC to strengthen its competitive position in South Carolina, which will inure to the benefit of consumers through improved service. Thus, approval of the instant Application will ensure continued provision of high quality, affordable telecommunications services to existing customers, and should promote competition in the South Carolina telecommunications services market by offering consumers a cost effective and competitive alternative.

## V. CONCLUSION

WHEREFORE, for the foregoing reasons, Applicants submit that the information provided herein demonstrates that the public interest, convenience, and necessity would be served by grant of the instant Application. Accordingly, Applicants respectfully request that the Commission approve the Joint Application as soon as possible, to (1) permit the parties to consummate the transaction to enable them to complete the transaction by the end of 2005 and transfer AMLL's customers and operations to PAETEC; (2) authorize AMLL to discontinue service to its current customers as described herein; (3) cancel AMLL's certificate to provide telecommunications service in South Carolina after completion of the proposed merger; and (4) grant all other relief as necessary and appropriate to effectuate the transaction described herein.

Respectfully submitted,



John J. Pringle, Jr., Esquire  
Ellis, Lawhorne & Sims, P.A.

P.O. Box 2285

Columbia, SC 29202

Telephone: (803) 779-0066

Fax: (803) 799-8479

E-Mail: [jpringle@ellislawhorne.com](mailto:jpringle@ellislawhorne.com)

Date: September \_\_, 2005

## **EXHIBITS**

Exhibit A	Proposed Discontinuance Notice
Exhibit B	Pre/Post-Merger Corporate Structure
Exhibit C	Proposed Notice of Filing



**EXHIBIT A**

**Proposed Discontinuance Notice**

**AMERICAN LONG LINES, INC. and PAETEC COMMUNICATIONS, INC.**  
**"Passionate About Quality"**

[November \_\_, 2005]

Dear Valued American Long Lines Customer:

American Long Lines, Inc. ("AMLL") and PAETEC Communications, Inc. ("PAETEC") are passionate about bringing you, our valued customer, quality services. AMLL became an affiliate of PAETEC in February 2005. PAETEC, a privately held company, has been providing an enhanced suite of communication services to customers since 1998. With an unwavering commitment to quality, PAETEC now serves more than 11,000 medium and large-sized business customers throughout the United States.

AMLL and PAETEC are now combining their operations in order to maximize the benefits that we may bring to you. The result will be a single company, PAETEC. PAETEC will continue providing the services you currently receive from AMLL. PAETEC will begin invoicing for your current services on or about January 1, 2006, pending all necessary federal and state regulatory approvals.

AMLL and PAETEC will work to ensure that the transfer of your services to PAETEC is seamless. Your current services will continue to be provided under the same rates, terms and conditions that you currently enjoy with AMLL. Any future changes in rates, terms and conditions of service will be provided to you as required by law; however, no changes are anticipated. PAETEC will be responsible for handling any questions or issues prior to and during the transfer. PAETEC will also be responsible for any carrier change charges that may be associated with the transfer. If you have placed a "freeze" on the current services, the freeze will be lifted (if needed) and your services will be transferred to PAETEC. As the service subscriber you must contact your local service provider if such provider is not PAETEC, to re-establish freeze protection for your services after the date of final transfer.

As always, you have the right to choose a different carrier for your services. If you do take steps to transfer your service to a different carrier you will need to make sure that the new service is ordered and provisioned no later than December 31, 2005. Please note, that choosing to terminate services may result in early termination charges being assessed per your AMLL contract. If you are a customer of AMLL on the date of the transfer and you have not informed AMLL that you have made arrangements to switch to a carrier other than PAETEC, your services will automatically be transferred to PAETEC.

AMLL and PAETEC are passionate about quality and committed to providing you with outstanding customer service, as well as an enhanced suite of products aimed to meet all of your communications needs. We look forward to continuing the mutually beneficial relationship that you have built with AMLL. If you have any questions, please do not hesitate to contact your AMLL account team or PAETEC to learn more about the company and the service offerings. Please call PAETEC toll free at \_\_\_\_\_ or visit the PAETEC website at [www.paetec.com](http://www.paetec.com).

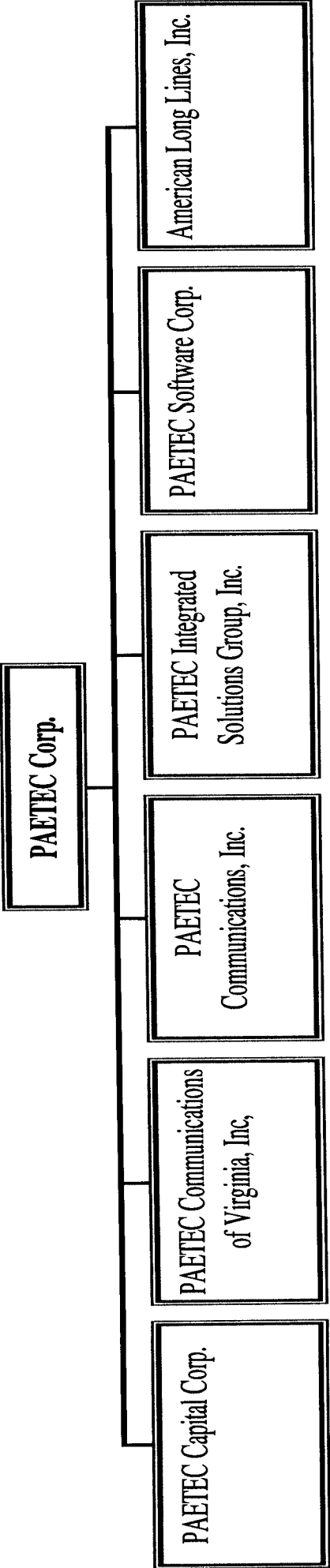
Cordially,

**Doug Derstine**  
**Vice President**  
**PAETEC Communications, Inc.**

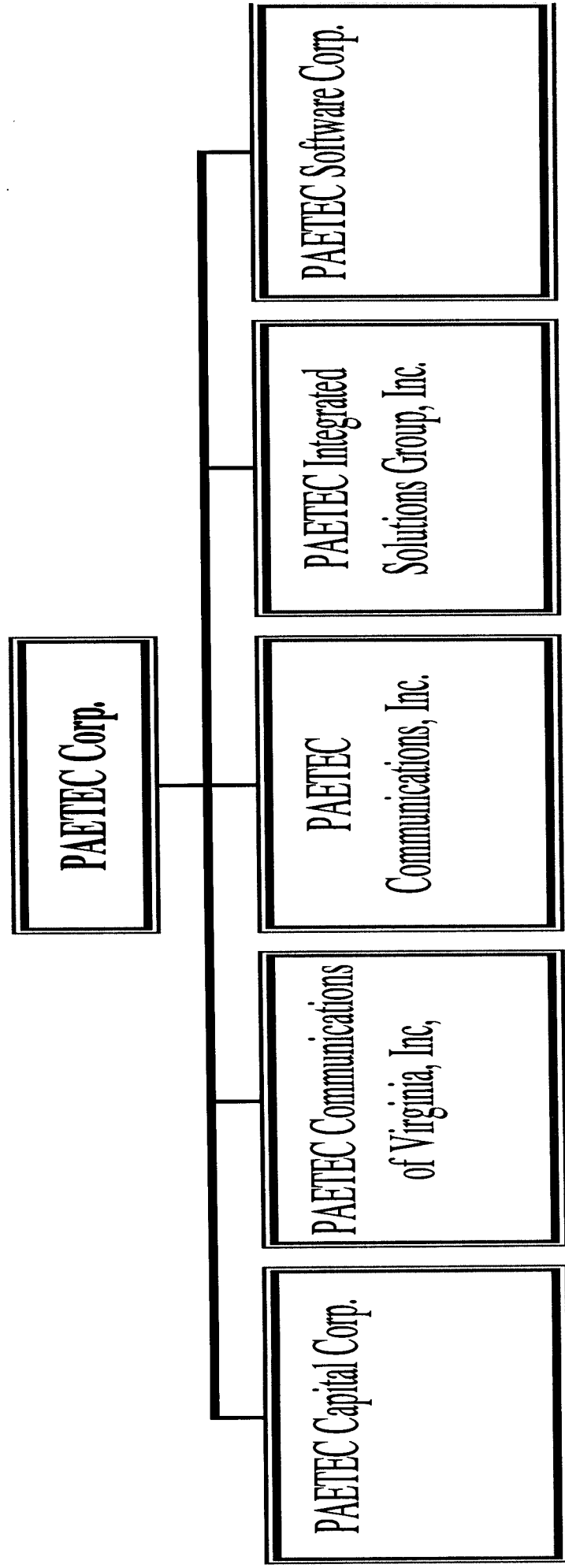
**EXHIBIT B**

**Pre/Post-Merger Corporate Structure**

Corporate Structure – PRE Merger



Corporate Structure – POST Merger



**EXHIBIT C**

**Proposed Notice of Filing**

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING AND HEARING

DOCKET NO. 2005-\_\_-C

PAETEC Communications, Inc. ("PAETEC"), and American Long Lines, Inc. ("AMLL"), (together the Applicants) have filed with the Public Service Commission of South Carolina (the Commission) a Joint Application for authority to complete an acquisition of certain assets and for the assignment of an authorization to provide interexchange telecommunications services within the State of South Carolina. The Joint Application was filed pursuant to South Carolina Code Ann. Sections 58-9-300 and 58-9-310 and the rules and regulations of the Commission. Specifically, PAETEC and AMLL, which are both wholly-owned subsidiaries of PAETEC Corp., propose to undergo a transaction whereby AMLL will be merged into PAETEC, PAETEC will provide service to the AMLL customers, and AMLL will discontinue providing service to its customers.

A copy of the Application is on file in the offices of the Public Service Commission of South Carolina, 101 Executive Center Drive, Columbia, South Carolina 29210 and is available from John J. Pringle, Jr., Esquire, ELLIS LAWHORNE & SIMS, P.A., P. O. Box 2285, Columbia, SC 29202.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure, on or before and indicate the amount of time required for his presentation. *Please refer to Docket No. 2005--C.*

Any person who wishes to testify and present evidence at a hearing (if scheduled) should notify the Docketing Department in writing at the address below, and John J. Pringle, Jr., Esquire, at the above address in writing, on or before , and indicate the amount of time required for his presentation. *Please refer to Docket No. 2005--C.*

Any person who wishes to be notified of the hearing date (should one be held in this Docket), or any changes in a scheduled hearing date, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department in writing at the address below on or before . *Please refer to Docket No. 2005--C.*

**PLEASE TAKE NOTICE:** Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission by dialing (803) 896-5113.

Public Service Commission of South Carolina  
Attn: Docketing Department  
Post Office Drawer 11649  
Columbia, South Carolina 29211

SEP/\_\_/05